

Senate File 293 - Introduced

SENATE FILE 293

BY SWEENEY

A BILL FOR

1 An Act creating an exemption to the water services excise tax.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423G.4, Code 2019, is amended to read as
2 follows:

3 **423G.4 Exemptions.**

4 1. The sales price from transactions exempt from state sales
5 tax under section 423.3, except section 423.3, subsection 103,
6 is also exempt from the tax imposed by this chapter.

7 2. a. For purposes of determining whether a transaction is
8 exempt, the furnishing of water through a piped distribution
9 system by a common interest community to a member of such
10 community, who is a consumer or user of the water, shall not be
11 construed as a sale or furnishing of water for compensation and
12 shall be exempt from the tax imposed by this chapter if all of
13 the following apply:

14 (1) The water was obtained from a water utility.

15 (2) A tax was imposed by this chapter on the sales price
16 from the sale or furnishing of water by a water utility to the
17 common interest community based upon readings of the master
18 meter.

19 (3) The price charged for the sale or furnishing of water by
20 the common interest community is not more than the rate charged
21 for consuming or using water from the water utility.

22 b. As used in this subsection:

23 (1) "Common interest community" means the same as provided
24 in section 455I.2.

25 (2) "Master meter" means a single meter used in determining
26 the amount of water provided to a common interest community.

27 (3) "Piped distribution system" includes a submetered
28 distribution system.

29 (4) "Water utility" means a public utility as defined in
30 section 476.1 that furnishes water by a piped distribution
31 system to the public for compensation.

32 **EXPLANATION**

33 The inclusion of this explanation does not constitute agreement with
34 the explanation's substance by the members of the general assembly.

35 This bill creates an exemption to the water services excise

1 tax.

2 The bill exempts from the water services excise tax the
3 sale or furnishing of water for compensation through a piped
4 distribution system by a common interest community to a member
5 of such community, who is a consumer or user of the water, if
6 all of the following apply: the water was obtained from a
7 water utility; a water services excise tax was imposed on the
8 sales price from the sale or furnishing of water by a water
9 utility to the common interest community, based upon readings
10 of the master meter of the common interest community; and
11 the price charged for the sale or furnishing of water by the
12 common interest community is not more than the rate charged for
13 consuming or using water from the water utility.

14 The bill defines "common interest community", "master
15 meter", "piped distribution system", and "water utility".